

Case Study

Results of an Argent engagement with a Supply Chain/Distribution customer.

Argent Global Services partnered with a home furnishings and décor distribution company to gain operational efficiencies within their distribution centers.

Background

A large retail company asked Argent Global Services (Argent) to assist in reducing distribution costs within their network and delivering merchandise to stores more efficiently. This client is a national retail chain for home furnishings and décor, such as furniture, table-top items, decorative accessories, and seasonal decor. It distributes product to over 1,100 stores across the United States. After analyzing operational costs and comparing against industry benchmarks, the client's management determined that direct labor presented an area with significant opportunity for productivity and efficiency improvement. Argent utilized industry expertise along with traditional Industrial Engineering tools, to drive and implement process improvement initiatives and achieve performance and cost savings objectives.

Company Fact Sheet

- National Retail Chain Distribution Network
- \$1.6B in Annual Revenue
- 1,050 stores nationwide
- Import from 50+ countries
- In operation for over 50 years

Objective

The client's objective was to improve operational efficiencies with a focus on direct labor within the network's Distribution Centers. Argent recommended a Workforce Optimization Program which consists of four primary components: Documented Best Methods, Performance Coaching Program, Dynamic and Discrete Engineered Standards, and VantageRPM Labor Management System. Argent partnered with management to drive and implement an LMS and Engineered Labor Standards and achieve performance and cost saving objectives.

Methodology

Argent worked directly within the distribution centers to implement the Workforce Optimization Program. The program's primary components complement each other and provide a solid foundation for continuous process improvements, documented training, individual performance counseling and discipline, and individual and group incentive programs.

Argent engineers began work in the first facility in Columbus, Ohio, developing and implementing the program that would then be employed in the other six facilities. First, Best Methods were developed, documented, and approved by facility management for primary work functions. Next, a Performance Coaching program was implemented, and supervisors were trained on conducting one-on-one training sessions with direct labor associates. Argent engineers then conducted time and motion studies and developed engineered standard formulas (multiple variable performance goals). After Argent project team and Pier 1 management validated the engineered standards and ensured they were accurate, an implementation plan was established, and a ramp-up period was scheduled.

Results

Almost immediately, the client saw an increase in overall building productivity. This is typical for projects of this nature. Process improvements are implemented, performance numbers are shared with hourly associates, and attention is focused on productivity while the engineers are integrating the program components.

Production Summary

45% Reduction in Overtime
50% Increase in Productivity
43% Operational Cost Reduction
35% Decrease in Direct Labor Cost
Reduction of one entire facility
Improved Network Capacity

The Workforce Optimization Program was then implemented in each of the remaining six facilities over the next twelve months. The organization saw a similar rise in key performance indicators in each of the buildings and after allowing the facilities to use the program for the next twelve months, discussions soon turned to the next step in productivity improvement, which is a pay-for-performance, or individual incentive, program.

***Argent Global
Services***

Argent Global Services, founded in 1988, is an industrial engineering and management consulting firm with corporate offices in Oklahoma City, OK. Argent is a recognized leader in the implementation of solutions that increase productivity, enhance service, improve quality and reduce costs. Argent contributes best practice experience from logistical expertise gained by working in various industries where service, safety and quality are paramount.

